

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 229 - HB 425

March 5, 2023

SUMMARY OF BILL: Extends eligibility for TennCare benefits to a woman for up to 12 months following the date on which the woman gives birth, regardless of changes in income, if the woman's child meets the eligibility requirements of the CoverKids program.

FISCAL IMPACT:

**Increase State Expenditures – Net Impact –
\$1,627,800/FY23-24 and Subsequent Years**

**Increase Federal Expenditures – Net Impact –
\$2,827,300/FY23-24 and Subsequent Years**

The Governor's FY23-24 proposed budget includes \$27,377,200 in state and federal funds for extending maternity coverage and postpartum coverage to the same group of women as the proposed legislation.

Assumptions:

- Currently, pregnant women who are Tennessee residents who are not eligible or enrolled in TennCare, and have a household income at or below 250 percent of the federal poverty level are eligible for the CoverKids program and receive two months of postpartum medical coverage.
- According to information provided by the Division of TennCare, approximately 1,151 women would be eligible for the coverage offered by the proposed legislation. That number is assumed to remain constant.
- The average cost per participant is estimated to be \$385.55 per month, resulting in a recurring increase in expenditures of approximately \$5,325,217 (1,151 x \$385.55 x 12).
- Medicaid expenditures receive matching funds at a rate of 65.485 percent federal funds to 34.515 percent state funds. Of this amount, \$1,837,999 (\$5,325,217 x 34.515%) will be in state funds and \$3,487,218 (\$5,325,217 x 65.485%) will be in federal funds in FY23-24 and subsequent years.
- The CoverKids program currently provides two months of postpartum medical coverage to new mothers, with no dental benefits, at a rate of \$377.96 per participant per month.
- Is it reasonably assumed the same number of women will forgo their coverage under CoverKids, resulting in a recurring reduction in expenditures of approximately \$870,064 (1,151 x \$377.96 x 2).

SB 229 - HB 425

- Expenditures through the CoverKids program receive matching federal funds at a rate 75.843 percent federal funds to 24.157 percent state funds. Of this amount \$210,181 (\$870,064 x 24.157%) will be in state funds and \$659,883 (\$870,064 x 75.843%) will be in federal funds in FY23-24 and subsequent years.
- There will be a net increase in state expenditures of \$1,627,818 (\$1,837,999 - \$210,181) in FY23-24 and subsequent years.
- There will be a net increase in federal expenditures of \$2,827,335 (\$3,487,218 - \$659,883) in FY23-24 and subsequent years.
- The total increase in expenditures will be \$4,455,153 (\$1,627,818 + \$2,827,335) in FY23-24 and subsequent years.
- The Governor's proposed FY23-24 budget includes \$27,377,160 in state and federal funds on page B-147 for increasing the income threshold for pregnant mothers to 250 percent of the Federal Poverty Level and making 12 months of continued eligibility for mothers after giving birth.

IMPACT TO COMMERCE:

Increase Business Revenue – Up to \$4,455,200/FY23-24 and Subsequent Years

**Increase Business Expenditures –
Less than \$4,455,200/FY23-24 and Subsequent Years**

Assumptions:

- Healthcare providers will experience an increase in business revenue up to \$4,455,153 in FY23-24 and subsequent years for providing services.
- For companies to retain solvency, any increase in expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures is estimated to be less than \$4,455,153 in FY23-24 and subsequent years.
- The proposed legislation will not increase the number of healthcare providers; therefore, any impact on jobs is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/ch